



2014 Property Tax Lender Annual Report

Annual Report Due Date: March 31, 2015 (§89.404, Texas Administrative Code)

As the holder of a property tax loan license during 2014, the person or company named on the enclosed annual report cover page must file an annual report.

All licensees, including inactive licensees, must complete all applicable schedules for business activities conducted in calendar year 2014 (Jan 1 – Dec 31).

AVOID PAYING FINES AND LOSING YOUR LICENSE

You may face administrative enforcement actions (fines and license suspension or revocation) if you fail to:

- file a complete, correct report by the March 31, 2015 deadline, AND
- maintain the appropriate level of net assets

Net asset requirements are applied to each license, whether active or inactive.

Report Submission

Annual Report must be submitted by March 31, 2015. You may submit your annual report by postal service or as an email.

By Postal or Delivery Service

Attn: Ann Harrington, Licensing Department
Office of Consumer Credit Commissioner
2601 N. Lamar Blvd
Austin TX 78705

By Email

annualreport@occc.state.tx.us

1. *Submit the Excel-based workbook used to record your annual data.*
2. *Fax the signed copy of the Licensee's Statement of Verification to 512.936.7610.*

Or, attach a scanned, signed copy of the Licensee's Statement of Verification to the email address above.

Have Questions? Contact Ann Harrington at 512.936.7619 or aharrington@occc.state.tx.us.

Instructions for Downloading Necessary Forms for Reporting

The 2014 Regulated Lender Annual Report is comprised of three documents as shown below. All documents are located on the Office of Consumer Credit Commissioner website.

- 2014 Annual Report Instructions
- 2014 Annual Report: Licensee's Statement of Verification

➤ 2014 Property Tax Lender Reporting Document (Excel workbook)

2014 Annual Report Instructions

This document contains all information necessary to complete the annual reporting requirement for the report year. The licensee should read this document in its entirety prior to completing the reporting document.

2014 Annual Report Licensee's Statement of Verification

This is a PDF document to be signed by the licensee and which verifies that information contained within the annual report is true, complete and accurate.

The document must be submitted to the OCCC along with the annual report. The signed verification can be submitted:

- By including it in the printed copy of the annual report when the report documents are submitted by postal or delivery service.
- By including a signed, scanned copy when submitting the report documents via email to the address noted above.
- By faxing a signed copy to 512.936.7610.

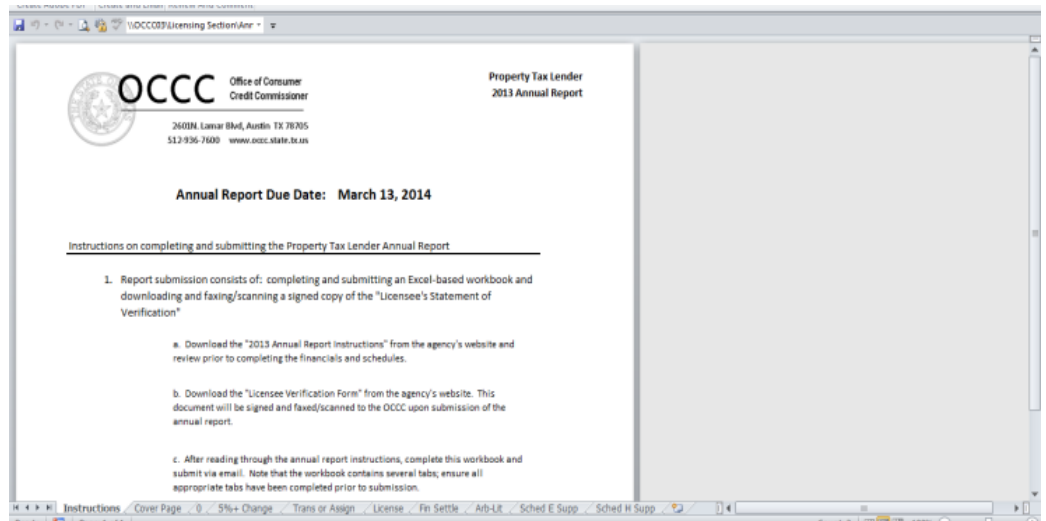
2014 Property Tax Lender Reporting Document (Excel workbook)

The annual report is to be completed using the provided Excel workbook, which will allow for more efficient data recording and compilation by the agency. The workbook provides working documents for:

- Annual Report Cover Page
- Schedules A – H
- Forms (worksheets) for any needed supplemental documentation or explanations.

The working forms are provided in an Excel-based workbook. The workbook is comprised of several worksheets (tabbed pages) that contain worksheets on which to report annual data, figures, and supplemental material. Specific guidelines for each worksheet are presented in the following paragraphs and illustrations.

Once the document has been completed, you may submit the document according to the submission guidelines provided above.



OCCC
Office of Consumer
Credit Commissioner

2013 Property Tax Lender
Annual Report

Master File Number: _____
Company Name: _____
Home Office Address: _____
(Street) (City, State) (Zip)

Who may we contact regarding this report?

Name _____ Mailing Address _____
Title _____
Phone No. _____
Fax No. _____ Email Address _____

1. This report is for: ☐ Single License Lic. # _____
☐ Multiple Licenses Lic. #s _____
Attach a list of all licenses that have been consolidated within this report.
Include the license name, address, contact name, and license number.

2. Does the licensee participate in any way in writing or procuring insurance in connection with property tax lien loans?
☐ No ☐ Yes Complete Schedules C and D

3. Has there been any significant change (5% or more) in ownership, management, or form of organization during the report year?
☐ No ☐ Yes Complete Schedules E and H

Instructions Cover Page 0 5%+ Change Trans or Assign License Fin Settle Arb-Lit Sched E Supp Sched H Supp

Click on the "Cover Page" tab to respond to general questions regarding business operations.

The Cover Page is a 2-page document. Scroll down on the screen to view the second page.

If you need to submit supporting explanations (e.g. for question 3), you may include supporting explanations or lists in the tabs provided.

Master File # _____ Company Name: _____

Schedule A: Balance Sheet (Figures are company-wide)

1. Cash (Company-Wide) _____
2. Property tax loans receivable for Ch 351 transactions in Texas _____
3. Other mortgage loans receivable (company-wide) _____
4. Other loans receivable (company-wide) _____
5. Other business Assets _____
6. **Total Assets** \$ _____

Liabilities & Owner's Equity

7. Warehouse line of credit/borrowed funds for lending (company-wide) _____
8. Other liabilities (company-wide) _____
9. **Total Liabilities** \$ _____
10. Owner's Equity (company-wide) _____
11. **Total Liabilities & Owner's Equity** \$ _____

NET ASSETS REQUIREMENT: \$25,000 PER LICENSE, whether active or inactive.
(If the equity does not equal or exceed the net assets requirement and the business is a:

Proprietorship or General Partnership: attach owner's personal financial statement(s) to demonstrate adequate net assets.

Corporation: if a more current financial statement shows adequate net assets, attach that report and explain any variances between that

Instructions Cover Page 0 5%+ Change Trans or Assign License Fin Settle Arb-Lit Sched E Supp Sched H Supp

- Click on the "0" tab to access and complete Schedules A through I.
- Enter your master file number at the top of the page. Once you enter your master file number, the tab will rename itself from "0" to your master file number.
- Complete the remainder of the schedules by entering data and figures as appropriate. This worksheet is a 3-page document; ensure you complete all sections.
- If supporting statements or documentation is needed for Schedules E and H, you may include that information in the tabs provided.

Essential Guidelines for Reporting

- ***Failure to include your Master File Number and requested license (see Cover Page) will result in your submission not being accepted nor recorded as received by the agency.***
- Read all instructions before completing and submitting the annual report.
- All report data must comply with generally accepted accounting principles (GAAP) and be submitted using OCCC-provided forms. A financial statement will not serve as a valid substitute.
- Complete all schedules ensuring all figures and comments are legible. If a specific schedule is not applicable to your report, indicate “Not Applicable” or “N/A” on that specific schedule.
- All report data must reflect “net” figures. Do not report gross figures.
- Report all figures and monetary amounts as whole dollars. Check final figures and calculations for possible rounding errors and accuracy of totals.
- Express all figures as full amounts. Do not report data in terms of hundreds, thousands or similar presentation.
- Report all assets, liabilities, realized and accrued income, and expenses as they appear in your accounting records. If your items are recorded in the annual report differently than as they appear in your accounting records, you must include a statement explaining the discrepancy.
- No fees are due with the annual report filing.

Special Situations & Considerations

- Companies or Individuals Holding Multiple Licenses
 - Each company or individual holding more than one license should file one consolidated report for all licenses under each company and master file license number.
 - Different entity types cannot be combined within a consolidated report (i.e., partnerships and corporations should not be combined in a consolidated report even if one person controls both entities)
 - Each different legal entity is required to file a separate report.
- Licensees that had no reportable business during the report year must complete the cover page, and
 - Any applicable parts of Schedule A, to demonstrate net asset requirements have been maintained, and
 - Schedule B, if the licensee had other income and expenses.
 - All other schedules should be marked “Not Applicable.”
- Licensees Doing Business Outside the State of Texas
 - Schedules A and B should reflect all of the licensee’s financial activities at the national level.
 - Schedules C through I should reflect only business activity within the state of Texas.

➤ Publicly-Held Licensees

- Submit a copy of the Annual Report and any Form 10-K filing for the report year.
- If the licensee does not prepare the reports, provide the parent company's annual report or 10-K form.

➤ Mortgage Brokers

- Complete only the cover page and Schedules A, B, and E, if the broker:
 - 1) arranges, transacts¹, or negotiates² mortgage loans, **AND**
 - 2) does not hold, service, or collect any mortgage loans
- Complete all schedules if the broker *does not* meet the conditions above.

¹*Transacting a Loan:* Any of the significant events associated with the lending process through funding, including the preparation, negotiation and execution of loan documents, and an advancement of money on behalf of a borrower by the lender to a third party. This also includes the act of arranging a loan. (§89.102(8), Texas Administrative Code).

²*Negotiating a Loan:* The process of submitting and considering offers between a borrower and a lender with the objective of reaching agreement on the terms of a loan. The act of passing information between the parties can, by itself, be considered "negotiation" if it was part of the process of reaching agreement on the terms of a loan. "Negotiation" involves acts which take place before an agreement to lend or funding of a loan actually occurs. (§89.102(6), Texas Administrative Code).

Instructions for Individual Schedules and Forms

Use these instructions, as needed, to find answers to your questions and help you to complete the annual report forms correctly.

Instructions for Cover Page and Licensee's Verification

Complete both pages in their entirety. Incomplete or incorrect reports will be returned for correction.

- **Header:** Record the master file number, company name, and home office address information related to this annual report filing.
- **Line 1:** Indicate whether the report represents a filing for a single regulated lender license, or whether the report represents a consolidated report for multiple regulated lender licenses held under a common master file number. Attach supplementary documents as indicated and appropriate.
- **Line 2:** Indicate whether the licensee(s) writes or procures insurance products associated with regulated loans. Submit supplementary documents as indicated and appropriate.
- **Line 3:** Indicate whether a significant change in ownership, management, or organization has occurred during the report year. Submit supplementary documents as indicated and appropriate.
- **Line 4:** Indicate which types of business the licensee(s) was engaged in during the report year.
- **Line 5:** Indicate whether any business is conducted at the licensed location by someone other than the licensee(s). Submit supplementary documents as indicated and appropriate.
- **Line 6:** Indicate whether the licensee(s) has had a license denied, suspended or revoked during the report year. All licenses that may be issued by a state or federal regulatory agency are to be considered when answering this question (e.g. state driver's licenses, professional licenses, etc.). Submit supplementary documents as indicated and appropriate.
- **Line 7:** Report whether the licensee(s) has entered into a financial settlement as the result of claims relating to extensions of credit or collection activity. Submit supplementary documents as indicated and appropriate.
- **Line 8:** Report whether the licensee(s) has been subject to binding arbitration or civil litigation during the report year. Submit supplementary documents as indicated and appropriate.
- **Line 9:** Report whether the licensee(s) has been subject to a binding arbitration or civil litigation during the report year. Submit supplementary documents as indicated and appropriate.

Instructions for Schedule A: Balance Sheet

- ✓ Report all figures as net, not gross.
- ✓ Lines 2-5: Report only the principal due for simple interest loans due to you on December 31st of the report year.
- ✓ Pre-computed loans: Use the figures that are net of unearned interest and charges.
- ✓ Lines 6 (*Total Assets*) and 11 (*Total Liabilities and Owner's Equity*) should be equal to each other.

Assets

- **Line 1:** Enter the total on hand and in bank(s) as of December 31st of the report year.
- **Line 2:** This figure is specific to loans made in Texas that are regulated according to Chapter 351 of the Texas Finance Code. *This figure should equal Line 1 of Schedule C.*
- **Line 3:** Report the figure for 'other mortgage loans' and not reported on Line 2. Include all other mortgage loan activity within the licensee's overall business (e.g. home equity and 342.G loans). *This figure should equal the figure reported on Line 3 of Schedule C.*
- **Line 4:** The figure for "Other Loans Receivable" should account for all loan business company-wide not already reported on Lines 2 – 3.
- **Line 5:** Report the total of all other assets devoted to the business. Report depreciable assets net of depreciation.
- **Line 6:** Total Lines 1 – 5.

Liabilities and Owner's Equity

- **Lines 7-8:** Record liability amounts for the business as appropriate.
- **Line 9:** Total the amounts on Lines 7-8.
- **Line 10:** Record Owner's Equity. This figure should be the difference of Line 6 (*Total Assets*) and Line 9 (*Total Liabilities*).
- **Line 11:** The amount on this line should equal Line 6 (*Total Assets*). If owner's equity does not equal or exceed the net assets requirement, submit additional documentation as appropriate and indicated within Schedule A.

Instructions for Schedule B: Statement of Income and Expenses

- ✓ Report all figures as net, not gross.
- ✓ Note that interest income is requested by loan type.

Income

- **Line 1:** Report the interest income earned from loans regulated according to Chapter 351 (Texas-only transactions). *See Schedule A instructions for loan descriptions.*
- **Line 2:** Report the income earned for any mortgage loans (Texas-only transactions).
- **Line 3:** Include other types of income not reported on Lines 1-2 and earned company-wide.
- **Line 4:** Total Lines 1-3.

Expenses

- **Lines 5-8:** Report the expenses specific to your Texas property tax loan operations, and within the categories provided (bad debts, salaries, interest incurred, and other expenses).
- **Line 9:** Provide a company-wide total for expenses related to all business activities other than property tax loans in Texas (include bad debts, salaries, interest incurred, and other expenses).
- **Line 10:** Total Lines 5-9.
- **Lines 11-12:** Report company-wide net income and total federal income tax figures for the report year.
- **Line 13:** Report the Net Income (Loss). This figure should be difference of Line 4 (*Total Income*) and Line 10 (*Total Expenses*).

Note: Schedules C through Schedule H reflect data relative to business activities conducted within the State of Texas

Schedule C: Loans Receivable Balances

- ✓ Report dollar figures as net amounts, excluding unearned charges and unearned interest and charges on pre-computed loans.
- ✓ Dollar value totals for multiple loan products authorized by a single subchapter should match the totals you provided on Schedule A for each subchapter.
- **Line 1:** Record any loans receivable that are regulated by Chapter 351 of the Texas Finance Code. *This figure should equal Line 2 of Schedule A.*
- **Line 2:** Record other mortgage receivables to include home equity (first and second lien mortgage), home improvement or purchase money loans, and loans made under Chapter 342.G. *This figure should equal the figure on Line 3 of Schedule A.*
- **Line 3:** Total Lines 1-2.

Schedule D: Loans Made

- ✓ Complete Schedule D for both Residential and Non-Residential Loans Transacted in the Calendar Year.
- ✓ Residential Loans: "Category A (Real Property: Single-Family Residential)," and homesteads designated as "Category E (Real Property: Farm and Ranch Improvements)" by the Property Classification Guide published by the Texas Comptroller of Public Accounts.
- ✓ Non-Residential Loans: Loans for properties that are not classified as Category A or Category E by the Property Classification Guide published by the Texas Comptroller of Public Accounts.
- **Lines 1:** Record the total number of loans (and renewals) made under Chapter 351 and the dollar value of those loans.
- **Lines 2:** Report the total number and amount of tax lien transfers from taxing units for taxes, penalties, interest, legal fees, and court costs (If multiple taxing units or years are involved in the transaction consider it one transfer. If multiple properties are involved consider them multiple transfers).

- **Lines 3:** Report total closing costs in connection with property tax loan closings.
- **Lines 4:** Report the average note rate charged on the principal balance of new loans made or renewed. (Report average as an equal weighting regardless of loan size)

Schedule E: Delinquency and Collections

✓ This schedule requests three types of information related to collection activities.

- **Lines 1-2:** Report the number of loans and total loan balances for accounts contractually delinquent by more than 60 and 90 days, respectively. Use figures from after year-end charge-off.
- **Lines 3:** Regarding foreclosures³, report the number of loans and total loan balances due that were foreclosed. Proceeds from sales should show the number of loans on which foreclosed collateral was sold and the gross proceeds from the sales.

Lines 3(a) – 3(c): Report the number of judicial and non-judicial foreclosures.

3(a): Report the number of non-judicial foreclosures that were conducted under Texas Property Code 51.002 *and* the Texas Rule of Civil Procedure 736.

3(b): Report the number of non-judicial foreclosures that were conducted solely under Texas Property Code 51.002.

3(c): Report the number of judicial foreclosures.

- **Line 4:** Report the number of proceeds realized from the sale of collateral and the dollar value of those proceeds.

Schedule F: Credit Insurance Sales

✓ Information on credit life data should combine single and joint life policies

- **Line 1:** Record the number of policies sold in conjunction with property tax loans.
- **Line 2:** Record the percentage of eligible loans covered.

$$\text{Calculation: } \frac{\text{Number of Insurance Sales to Borrowers}}{\text{Total Number of Insurance Eligible Loans}} \times 100$$

- **Line 3:** Record the amount of **net** premiums for insurance sales.
- **Lines 4-5:** Record the number of paid claims and the dollar value of claims paid.
- **Line 6:** Record the Net Insurance Income/Retained Premium, which is the amount of income you derived from the sale of credit insurance.

³ A foreclosure is defined as one in which the property has been sold and the sale of that property has been recorded on a foreclosure deed. **The 'number' of foreclosures reported in Line 3 should equal 'number' of sales of collateral reported on Line 4 in which proceeds were received. The dollar value of Lines 3 and 4 do not need to equal each other.**

Schedule G: Ancillary Products

- ✓ This schedule requests data related to other products that some licensees sell as part of their property tax loan or mortgage business.
- **Line 1:** Record the number of products sold.
 - **Line 2:** Record the amount of **net** premiums for products sold.
 - **Lines 3-4:** Record the number of paid claims and the dollar value of claims paid.

Schedule H: Escheat Account

- **Line 1:** Report the total amount of any refunds sent to the Texas Comptroller's Unclaimed Property Division⁴
- **Line 2:** Record the ending balance of your escheat suspense account.

⁴ If a finance company owes any amount to a borrower and has not refunded the money within one year, the funds are transferred to an *escheat suspense account* maintained by the company. At the end of three years, the company must send the refund to the Texas Comptroller of Public Accounts, Unclaimed Property Division. (For more information, see the Unclaimed Property Division at www.window.state.tx.us.)